

Message Text

UNCLASSIFIED

PAGE 01 STATE 149834
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INFO OCT-01 ISO-00 /004 R

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FM SECSTATE WASHDC

TO AMEMBASSY ABU DHABI

AMEMBASSY DOHA

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY KUWAIT

UNCLAS STATE 149834

FOL RPT JIDDA 4489 ACTION USDOC WASHDC, INFO SECSTATE
DATED 26 JUN 77

QUOTE:UNCLAS JIDDA 4489

E.O. 11652: N/A

TAGS: BDIS, SA

SUBJ: U.S. FIRM ALLEGEDLY DEFAULTING JOINT VENTURE WITH SAUDI FIRM;
NATIONAL GENERAL CORP., P.O. BOX 4226, RIYADH VS. T-CAS, INC.,
7115 LEESBURG PIKE, FALLS CHURCH, VA. 22043

1. SHEIKH ABDULLA SALIH BARAJA VISITED EMBASSY WITH COPY OF
CONTRACT HIS FIRM NATIONAL GENERAL CORP. HAS WITH T-CAS, INC.
TO PERFORM MINISTRY OF INFO PROJECT ON RADIO STATION AT
MEDINA VALUED AT SR 8 MILLION (U.S. \$2.28 MILLION).

2. CONTRACT STIPULATES THAT U.S. COMPANY WILL GIVE LETTER
OF CREDIT PERFORMANCE GUARANTY BACK-UP TO SAUDI FIRM WHICH
FINANCED ORIGINAL 10 PERCENT PERFORMANCE GUARANTEE VALUED
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AT SR 800,000 IN OCTOBER 1976. PRESIDENT OF U.S. FIRM,
ONE WILLIAM DOUGLAS CARTER, PROMISED SUBMIT HIS COMPANY'S
SHARE 2 WEEKS AFTER OCTOBER 1976. DATE, BUT HAS YET TO DO
SO DESPITE FACT U.S. FIRM HAS COLLECTED 20 PERCENT
ADVANCE.

3. SAUDI FIRM FEELS THAT T-CAS, INC. BEING EVASIVE ON

MATTER AND DESIRES KNOW WHETHER CARTER WILL FULFILL OBLIGATION AMOUNTING TO A BANK GUARANTEE FOR APPROXIMATELY SR 520,000. BARAJA CLAIMS THAT U.S. FIRM HAS PUT UP GUARANTEES FOR FURTHER OPTIONS ON SAME CONTRACT AND FEELS THAT AS ONE TIME JOINT VENTURE ON PROJECT U.S. FIRM SHOULD COMPLY WITH PRIOR OBLIGATION.

4. BARAJA IS REPUTABLE SAUDI BUSINESSMAN WITH SOLID REPUTATION IN GOVERNMENT CIRCLES. FAILURE OF U.S. FIRM TO ADHERE TO CONTRACT COULD JEOPARDIZE THIS AND FUTURE BUSINESS IN SAUDI ARABIA, BARAJA CLAIMS THAT HE WOULD PREFER TRUTH IF CARTER CAN'T GET GUARANTEE, BUT DISLIKES PROCRASTINATION AND EMPTY PROMISES. U.S. EMPLOYEES, WHO HE SAYS DOING FIRST RATE JOB, MAY BE PREVENTED FROM LEAVING COUNTRY IF NO SATISFACTION FORTHCOMING.

5. POST WOULD APPRECIATE USDOC GETTING T-CAS REACTION AND VERSION OF DISPUTE. WE URGE T-CAS TO RESPOND TO SAUDI FIRM SOONEST TO AVOID LATER PROBLEMS.

WILEY

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